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NRO REVIEW COMPLETED

22 NOV 1963

MEMORANDUM FOR: Dr. Brockway McMillan, Director
National Reconnaissance Office

SUBJECT : Fiscal Year 1964 Budget, Program B

REFERENCE : Memorandum from DNRO to Director, Program B,
NRO, dated 1 November 1963, Subject: "FY 64
Programs, Director B." [redacted]

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1. We were pleased to receive an approved Fiscal Year 1964 program level as provided in the referenced memorandum. This memorandum has been discussed with the Agency Comptroller who, on the basis of your commitment to the levels identified, will establish the necessary internal obligational authority or allotments in the approved amounts. This approval has solved some of the more difficult internal operating problems and will be of considerable assistance in the execution of Program B at the described annual levels.

2. In keeping with the critical funding situation, we will continue to request cash transfers on a quarterly basis. Should an emergency or as unforeseen operational requirements materialize, we will immediately apprise you of details, recommend reprogramming where appropriate and possible, and highlight new funding authority required.

3. Turning to Fiscal Year 1964 details, I feel that it is necessary for me to indicate that we regard our status as significantly underfunded, and to call out areas we feel are critical in the last half of the current Fiscal Year. The attachment is a summary of these problems. They will be observed closely and variations will be brought to your attention as the particulars are more clearly evident.

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4. A related uneasiness was expressed by the Agency Comptroller. I refer to Program B being on an expense budget basis in several major areas with little or no emergency/contingency funds available. In view of the Agency-Contractor interface and the legal implications of continuing these programs without the establishment or existence of a contingency reserve to cover outstanding commitments in the event of termination, I believe that prompt corrective attention must be given to this matter and a decision made as to whether certain aspects of Program B are to be curtailed. It is requested that we discuss the latter subject at your earliest convenience.



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JAMES A. CUNNINGHAM, JR.
Acting Director, Program B, NRO

Attachment - 1

Paper entitled: "Fiscal Year
1964 Budget, Program B."

cc: DDNRO
NRO Comptroller

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